

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the Matter of the Application of SAN JOSE WATER COMPANY (U 168 W) for an Order authorizing it to increase rates charged for water service by \$25,793,000 or 18.20% in 2004; by \$5,434,000 or 3.24% in 2005; and by \$5,210,000 or 3.01% in 2006.

Application 03-05-035

**ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING**

**Summary**

This ruling sets forth the scope, schedule, category, assignment of the principal hearing officer and ex parte communications rules for this proceeding, pursuant to Rule 6.3 of the Commission's Rules of Practice and Procedure (Rules).

**Background**

On May 23, 2003, San Jose Water Company (SJWC) filed this general rate case application seeking Commission authorization to increase rates by 18.20% in 2004, 3.24% in 2005, and 3.01% in 2006. On June 20, 2003, SJWC submitted an update of its application, as permitted by the Rate Case Plan, to reflect an offset rate increase effective July 1, 2003, the Santa Clara Valley Water District proposed water and pump tax rates for 2004, 2005 and 2006 and the current accrual for unfunded pensions. Based on the update, SJWC now requests increases amounting to 15.65% in 2004, 5.84% in 2005 and 5.48% in 2006.

On July 1, 2003, the Office of Ratepayer Advocates (ORA) filed a protest to the application. Also, on June 30, 2003, the assigned Administrative Law Judge (ALJ) for this proceeding received a telephone call from a representative of the Santa Clara Valley Transportation Authority (SCVTA) indicating it would be participating on an issue related to the cost of relocating pipelines. A Prehearing Conference (PHC) was held on August 22, 2003. Appearances were taken for SCWC, ORA and SCVTA. Among other things, the protest, scope of the proceeding and the procedural schedule were discussed.

### **Scope of Proceeding**

Based on the application, the protest to the application and discussion at the PHC, potential issues of dispute in this proceeding include the following:

1. Any and all of the estimates upon which proposed revenue requirements for the test and attrition years are based.
2. Recovery of the water contamination litigation memorandum account and pre-November 2001 balancing accounts.
3. Costs to be recorded in the water quality memorandum account.
4. Elimination of the fire hydrant maintenance account.
5. Establishment of a lifeline rate.
6. Conversion to straight-line depreciation.
7. Conversion to a full cost supply balancing account.
8. Compliance with water quality regulations.
9. SCVTA's proposal to recover its relocation costs from SJWC ratepayers.

## **Schedule**

The schedule for this proceeding is as follows:

<b>DATE</b>	<b>ACTIVITY</b>
September 26, 2003	SCVTA files preliminary report and brief.
October 3, 2003	Parties may file response to SCVTA.
November 17, 2003	ORA and other interested parties issue testimony.
December 8, 2003	Parties issue rebuttal to the November 17, 2003 testimony.
January 12 - 16, 2004	Evidentiary hearing held, as needed.
February 6, 2004	Parties file opening briefs.
February 20, 2004	Parties file reply briefs.

The goal is to resolve this matter as soon as possible after it is submitted. However, in no event will resolution exceed 18 months from the date of filing this application, pursuant to Senate Bill 960, Section 12 and Rule 6(e).

## **Interim Rates**

In its application, SJWC requests a Commission ruling, which would state that, under the provisions of Public Utilities Code Section 455.2, SJWC is entitled to interim rates effective January 1, 2004, and that SJWC may file an advice letter to implement such interim rates on or after November 1, 2003. This request will be addressed in a separate decision.

## **Public Participation**

Rather than conducting public participation hearings in this proceeding, we will solicit written input through a notice to customers. SJWC should work

with the Commission's Public Advisor's Office to develop an appropriate notice which describes the increase, the reasons for the increase and how customer input will be incorporated in the decision making process. The customer notice should be mailed to customers, either through a bill insert or through a separate mailing so that customers responses can reasonably be considered in the testimony of ORA and other interested parties.

### **Category of Proceeding**

This ruling confirms the Commission's preliminary finding in Resolution ALJ 176-3114, dated June 5, 2003, that this proceeding is a ratesetting proceeding as described in Rule 5 (c).

### **Assignment of Principal Hearing Officer**

ALJ Fukutome will act as the principal hearing officer in this proceeding pursuant to Rule 5(l).

### **Ex Parte Communications**

Parties shall observe and comply with the Commission's ex parte communications rules set forth in Rules 7 and 7.1.

### **IT IS RULED that:**

1. The scope and schedule for this proceeding are set forth in the body of this ruling.
2. San Jose Water Company (SJWC) will provide notice to its customers soliciting input regarding rates, service, water quality or other related concerns. Notice shall be provided either as an insert with a regular bill or a separate mailing, if necessary, to reach customers by October 26, 2003.
3. The customer notice will be reviewed and approved by the Commission's Public Advisor's Office prior to mailing. Also, SJWC will provide to the Public Advisor's Office, not later than November 12, 2003, a letter certifying that it has

complied with the requirement of paragraph 2 above. The compliance letter shall state the date(s) notices were sent to customers and the approximate number of customers so notified and attach one copy of the actual notice used.

4. Evidentiary hearings in the proceeding will begin at 10 a.m. on January 12, 2004, and continue through January 16, 2004, as needed, in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

5. This ruling confirms that this proceeding is a ratesetting proceeding for the purpose of Article 2.5.

6. Administrative Law Judge Fukutome is the principal hearing officer in this proceeding.

7. Parties shall observe and comply with the ex parte communications rules set forth in Rules 7 and 7.1.

Dated September 12, 2003, at San Francisco, California.

/s/ LORETTA M. LYNCH

Loretta M. Lynch  
Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Scoping Memo And Ruling on all parties of record in this proceeding or their attorneys of record.

Dated September 12, 2003, at San Francisco, California.

/s/ ELIZABETH LEWIS

Elizabeth Lewis

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.